

# Nancy Johnson



Fifth District, Connecticut

[www.house.gov/nancyjohnson](http://www.house.gov/nancyjohnson)

**FOR IMMEDIATE RELEASE**

February 17, 2005

**Contact:** Brian Schubert

(202) 225-4476

## **Johnson Applauds Passage of Class Action Reform Bill**

*A Victory for Victims, Consumers, and Small Businesses in America*

WASHINGTON, D.C. – Congresswoman Nancy Johnson today applauded passage of bipartisan legislation to reform an unfair class action lawsuit system that hurts victims, consumers and small businesses.

With Johnson's support, the U.S. House passed the Class Action Fairness Act by a 279-149 vote today. The Senate approved the bill last week by a 72-26 vote. It will now be sent to the President's desk for his signature.

"This is a victory for victims, consumers, and small businesses," Johnson said. "This bill is a big step toward real liability reform. The current system robs us of real justice and allows abuse by the powerful at the expense of consumers and small businesses. We are taking common-sense steps to make sure victims and consumers benefit from class action cases, not those looking to game the system."

The bill creates a federal jurisdiction over large multi-state class action cases in order to stop the practice of "forum shopping." Today, attorneys often seek friendly state courts to file nationwide class action suits. Small businesses in those states are dragged into expensive, nationwide cases even though they have little or no connection to them. Innocent small businesses are overwhelmed by the expensive litigation, leading to bankruptcy and layoffs.

For example, a class action lawsuit against automakers over peeling paint has been forum shopped in federal and state courts around the nation. It finally found a home in Madison County, Illinois, the nation's top target for forum shopping.

In addition, the bill creates a "Consumer Class Action Bill of Rights" to protect against abuses where plaintiffs receive pennies in a settlement while their lawyers receive millions. In a 2003 case, the KB Toy company was sued over alleged deceptive pricing practices. The plaintiffs received nothing in the settlement, and KB Toys was required to hold a one week sale on limited items. The plaintiffs' attorneys received \$1 million.

The "Consumer Class Action Bill of Rights" allows judges to carefully review class action settlement terms and act to make sure victims are not shortchanged while their attorneys benefit.

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